THE EFFECT OF REDUCTIONS IN FORCE AT THE DEPARTMENT OF ENERGY

HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY DEVELOPMENT AND APPLICATIONS

OF THE

COMMITTEE ON SCIENCE AND TECHNOLOGY U.S. HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

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SEPTEMBER 17, 1981

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*On assignment to Budget Committee for 97th Congress.

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THE EFFECT OF REDUCTIONS IN FORCE AT THE DEPARTMENT OF ENERGY

THURSDAY, SEPTEMBER 17, 1981

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SCIENCE AND TECHNOLOGY,
SUBCOMMITTEE ON ENERGY DEVELOPMENT AND APPLICATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2318, Rayburn House Office Building, Hon. Don Fuqua (chairman of the committee) presiding.

Present: Representatives Fuqua, Harkin, Nelson, Sensenbrenner, Gregg, McGrath, Dunn, and Walker.

Staff present: Dr. Martha Krebs, staff director, Dr. Eugene Frankel, Mr. Henry Eaton, Mr. Dan Steinway.

Mr. FUQUA. The subcommittee will be in order.

This morning the Subcommittee on Energy Development and Applications will review the staff reductions in force, RIF's, presently underway in the Department of Energy. We will specifically attempt in the hearing to ascertain the impact of these and possible future RIF's on the Department's ability to manage its conservation and renewable energy programs effectively.

Last spring the administration, as part of the fiscal year 1982 Department of Energy budget request, proposed massive program cutbacks in the areas of energy conservation and renewable energy development. The funding levels contained in the request were used in determining the number and allocation of RIF's within the Department.

Congress in its actions to date on the fiscal year 1982 DOE budget has not agreed to the magnitude of the funding reductions requested in these programs. Further, programs such as industrial energy conservation and OTEC, for which fiscal year 1982 program termination was requested, have been maintained by this committee and the Congress.

In recognition of the strong probability that funding substantially above the requested level for conservation and renewable energy will be appropriated, an appeal for additional staffing for fiscal year 1982 and fiscal year 1983 was made by the Assistant Secretary for Conservation and Renewable Energy. This appeal has been denied by the Office of Management and Budget, and the RIF's are proceeding, still based on the President's original request. These RIF's deeply concern the committee and raise many questions we hope to have answered this morning.

One, is it the objective of OMB and DOE to ignore congressional actions on the basis that such actions are not final until appropri-

ation bills are enacted? Is it the intent of the administration to RIF people in programs, such as industrial energy conservation and OTEC, with the full knowledge that Congress has not accepted the elimination of these programs? Finally, is it the administration's objective to create a situation where after October 1, DOE and OMB can seek a rescission of the funds approved by Congress on the basis that program personnel have been fired and funds cannot be effectively spent?

We are pleased to have with us this morning Dr. Maxine Savitz, Dr. Robert San Martin, and Mr. Merle Schulman from the Department, to help us understand the situation that we are facing.

Mr. SENSENBRENNER. Mr. Chairman, I have a statement on behalf of the minority.

Mr. FUQUA. The gentleman is recognized.

Mr. SENSENBRENNER. Thank you, Mr. Chairman.

I, too, would like to welcome the witnesses from the Department. It is good to have Dr. Savitz and Dr. San Martin back with us again, and I look forward to hearing from them this morning on this important subject.

Our hearing today focuses on the proposed reductions in force in the DOE conservation and renewable energy programs. Our subcommittee has recently heard a great deal about these planned personnel cuts and many of my colleagues have expressed some concern about their possible impact on programs of great interest to our Nation. For example, personnel cuts will, as always, have a significant impact upon the Department's ability to effectively manage its programs.

While I too have been extremely concerned about this situation, I am still very optimistic that we can move forward aggressively in conservation and renewable energy in the months ahead. We can—and I think we should—address the detrimental effects that might result because of this RIF action, no matter how many staff are eventually separated from the agency, and take the necessary steps to insure that the conservation and renewable energy programs continue to receive the expert direction that they need.

In this regard, perhaps now is the right time to seriously look at these programs and institute several managerial changes that have been recommended in previous studies conducted by the Office of Technology Assessment and General Accounting Office. We can, I think, accomplish much by streamlining the cumbersome DOE organization whenever possible and appropriate.

There are numerous ways that DOE could accomplish this and we should hear their comments today. For example, we should hear their comments on a soon-to-be-realized General Accounting Office report which recommends a phased reorganization in DOE to correct major deficiencies in the relationship between DOE's field offices and headquarters operations.

This report concludes that DOE program goals could be completed faster and more effectively if direct authority to manage field office program staffs were given to the assistant secretary level managers. By following recommendations such as these, perhaps DOE can compensate for some of the proposed personnel losses, yet move forward in the manner which Congress intended in the con-

servation and solar energy areas in the recent reconciliation bill that is now law.

In any event, I am confident that the Department will fully comply with all the laws and regulations governing any reduction-in-force action. As it does so, I would hope that the Department would, as best it can assist employees who are to be separated in their search for continuing employment, remembering always that they are dealing with people's lives and careers.

Thank you again, Mr. Chairman, for allowing me to make these remarks. I welcome our DOE witnesses and look forward to hearing their testimony on this important matter.

Mr. FUQUA. Thank you, Mr. Sensenbrenner.

Our first witness this morning will be Mr. Merle Schulman, who is the Director of Personnel for the Department. Mr. Schulman, we are happy to have you before us.

[A biographical sketch of Mr. Schulman follows:]

J. M. SCHULMAN

A graduate of the University of Missouri with an A.B. degree and an M.S. in Industrial and Personnel Management.

Mr. Schulman began his public service career with the central personnel office of the State of Missouri. After 4 years, he left the state to work for the Federal Government. He began as a personnel management specialist with the Bureau of Public Roads, Department of Commerce, and later worked as an employee relations specialist with the Federal Aviation Administration, both in the field and the Washington Headquarters.

With the formation of the Department of Transportation, he moved to the Office of the Secretary where he served as the chief of two divisions before becoming the Deputy Director of Personnel and Training for the Department. He was the Deputy Director of the Department of Energy Office of Personnel for nearly 2 years before becoming the Director. He has been with the Federal Service for 20 years.

STATEMENT OF J. MERLE SCHULMAN, DIRECTOR, OFFICE OF PERSONNEL, U.S. DEPARTMENT OF ENERGY

Mr. SCHULMAN. Thank you, Mr. Chairman, members of the subcommittee.

I am J. Schulman, the Director of Personnel of the Department of Energy, and I appreciate your invitation to testify at this hearing concerning the procedures and requirements for carrying out a reduction in force.

Congress has passed a number of laws pertaining to the factors to be considered in determining which employees are to be retained and which employees are to be separated in a reduction in force. Those laws, augmented by regulations issued by the Office of Personnel Management, establish the procedures which the Department of Energy and all other Federal agencies must follow in carrying out those reductions in force.

The regulations address in considerable detail, for example, the length of service an employee may be credited with for retention purposes, under what circumstances an employee may be credited with veterans preference, how performance is to be credited, and how these factors are to be combined to determine the order in which employees who are adversely affected in a reduction in force will be released from their current positions or from employment. Additionally, there are regulations that require specific notification to employees of any reduction-in-force actions and that require

certain steps to be taken which will assist employees who are to be separated in their search for continuing employment.

All of the foregoing procedures have been established in order to insure a consistent approach to reduction in force throughout the Federal agencies, and to insure that the adverse effects of a reduction in force are determined on an objective basis: that is, that an employee notified that he or she is to be separated in a reduction in force is able to know that the decision was not for personal reasons or based on criteria other than those required by law or regulation.

Agencies are probably allowed less discretion in conducting reduction-in-force actions than in any other type of personnel action. In those areas where the agency does have discretion, such as in determining which employees will compete with one another on the basis of occupying similar jobs with interchangeable qualification requirements, affected employees are given the right to review the decisions that are made. In addition, employees have the right to appeal or grieve any action associated with the implementation of a RIF that they believe to be inappropriate.

Normally, in conducting a reduction in force the position description of record is the first place one looks in determining competitive levels; that is, in determining which employees' jobs are so similar in duties, responsibilities, and qualifications required to do the work that those employees can be interchanged without significantly affecting the work of the unit. When there is a reduction in staffing levels, employees are grouped by their competitive levels and released from their jobs in accordance with their retention standing. Therefore, it is important that the position description of record reflect the employee's assignment as accurately as possible.

However, the reduction in force in the Office of Conservation and Renewable Energy is compounded by being more than just a staffing reduction. This office is concurrently modifying and realining its organization to coincide with new program directions. In a number of instances this has called for assigning and describing completely different tasks in some positions than those previously performed by individuals in the old organizational structure.

As a result of this dual effort—that is, the reorganization and the concurrent reduction in force—approximately 350 positions had to be redescribed and classified in order to properly reflect the new organization with its revamped mission and functions so that we would have bona fide positions to offer employees who were being released from their positions in the old organization. Offers are being made in accordance with these employees' retention standings as determined through the reduction in force process. The result is that those employees who must suffer a reduction in grade or be separated will be those who would have been the most junior in their respective competitive levels, and would have been similarly affected, had there not been a reduction in force along with a concurrent reorganization.

Federal law and regulations require that retention registers be constructed whenever employees are to be released by reduction in force and that release be in the inverse order of their retention standing. Employees who are veterans with a 30-percent or greater disability and career civil service status have the highest retention

standing. Other veterans with career status are next in retention standing, followed by nonveteran employees with career status.

Next come employees with career-conditional status who are veterans with a 30-percent or greater disability, followed by other veterans with career-conditional status. The lowest retention subgroup is composed of nonveteran career-conditional employees.

Within each retention subgroup, employees are listed in descending order by length of Federal service. In a reduction in force, the career-conditional nonveteran employee with the least amount of Federal service is the first to be released from his or her competitive level, and the career veteran with a 30-percent or greater disability and the greatest amount of Federal service in his or her subgroup is the last person to be released.

In this case, because of the concurrent reorganization and reduction in the size of the staff, the new organization was staffed by first cross-walking those employees from the old organization whose jobs were direct carryovers into the new organization. The remaining employees were then grouped by grade level and listed in the descending order of their retention standing, as I described a moment ago.

Employees at the highest grade level with the highest retention standing were assigned first to positions in the new organization consistent with their qualifications to do the work. Veterans with 30 percent or greater disability and career status, beginning at the GS-15 level and working downward, were placed in the new organization first. Other career veterans similiarly were placed second. Nonveteran career employees similarly were placed third, and so forth, so long as there were available positions for which they were qualified.

Those with the highest retention standing stood the best chance of retaining their former grade level an the new organization. Those further down in the retention standings found themselves downgraded or both downgraded and reassigned to some other occupational series for which they were also qualified. Those with the least retention standing were the ones identified for separation because no positions remained to which they could be reassigned, as a result of the concurrent reduction in force.

In conclusion, I wish to assure you, Mr. Chairman, that the Department of Energy intends to comply fully with all of the laws and regulations governing assignment of employees in a reduction in force. I will be happy to respond to any questions that the subcommittee members may have.

Thank you.

[The prepared statement of Mr. Schulman follows:]

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STATEMENT BY J. MERLE SCHULMAN
DIRECTOR OF PERSONNEL

U. S. DEPARTMENT OF ENERGY

BEFORE THE
SUBCOMMITTEE ON ENERGY DEVELOPMENT
AND APPLICATION

COMMITTEE ON SCIENCE AND TECHNOLOGY

U. S. HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 1981

Mr. Chairman and Members of the Subcommittee:

I am J. Merle Schulman, Director of Personnel of the Department of Energy. I appreciate your invitation to testify at this hearing concerning the procedures and requirements for carrying out a reduction in force.

Congress has passed a number of laws pertaining to the factors to be considered in determining which employees are to be retained and which employees are to be separated in a reduction in force (RIF). Those laws, augmented by regulations issued by the Office of Personnel Management (OPM), establish the procedures which the Department of Energy and all other Federal agencies must follow in carrying out reductions in force. The regulations address in considerable detail, for example, the length of service an employee may be credited with for retention purposes, under what circumstances an employee may be credited with veterans preference, how performance is to be credited and how these factors are to be combined to determine the order in which employees, who are adversely affected in a RIF, will be released from their current positions or from employment. Additionally, there are regulations that require

specific notification to employees of any reduction-in-force actions and that require certain steps to be taken which will assist employees who are to be separated in their search for continuing employment.

All of the foregoing procedures have been established in order to ensure a consistent approach to RIF throughout the Federal agencies and to ensure that the adverse effects of a reduction in force are determined on an objective basis; that is, that an employee notified that he or she is to be separated in a reduction in force is able to know that the decision was not for personal reasons or based on criteria other than those required by law or regulation. Agencies are probably allowed less discretion in conducting RIF actions than in any other type of personnel action. In those areas where the agency does have discretion, such as in determining which employees will compete with one another on the basis of occupying similar jobs with interchangable qualification requirements, affected employees are given the right to review the decisions made. In addition, employees have the right to appeal or grieve any action associated with the implementation of a RIF that they believe to be inappropriate.

Normally, in conducting a reduction in force the position description of record is the first place one looks in determining competitive levels, that is, in determining which employees' jobs are so similar in duties, responsibilities and the qualifications required to do the work that those employees can be interchanged without significantly affecting the work of the unit. When there is a reduction in staffing levels, employees are grouped by their

competitive levels and released from their jobs in accordance with their retention standing. Therefore it is important that the position description of record reflect the employee's assignment as accurately as possible. However, the reduction in force in the Office of Conservation and Renewable Energy is compounded by being more than just a staffing reduction. This Office is concurrently modifying and realigning its organization to coincide with new program directions. In a number of instances this has called for assigning and describing completely different tasks in some positions than those previously performed by individuals in the old organizational structure. As a result of this dual effort, i.e., reorganization and a concurrent reduction in force, approximately 350 positions had to be redescribed and classified in order to properly reflect the new organization with its revamped mission and functions so that we would have bona fide positions to offer employees who were being released from their positions in the old organization. Offers are being made in accordance with these employees' retention standings, as determined through the reduction in force process. The result is that those employees who must suffer a reduction in grade or be separated will be those who would have been the most junior in their respective competitive levels, and would have been similarly affected had there not been a reduction in force along with a concurrent reorganization.

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standing stood the best chance of retaining their former grade level in the new organization, those further down in the retention standings found themselves downgraded or both downgraded and reassigned to some other occupational series for which they were qualified. Those with the least retention standing were the ones identified for separation because no positions remained to which they could be reassigned as a result of the concurrent reduction in force.

In conclusion, I wish to assure you, Mr. Chairman, that the Department of Energy intends to comply fully with all of the laws and regulations governing assignment of employees in a reduction in force. I will be happy to respond to any questions the Subcommittee members may have.

Thank you.

Mr. FUQUA. Thank you, Mr. Schulman.

I think in the interest of time and continuity it would be better to go ahead and hear from Dr. San Martin, and then we will get into questions, because I am sure they will relate to each of you and also to Dr. Savitz.

Dr. San Martin?

STATEMENT OF DR. ROBERT SAN MARTIN, DEPUTY ASSISTANT SECRETARY FOR RENEWABLE ENERGY, U.S. DEPARTMENT OF ENERGY, ACCOMPANIED BY DR. MAXINE SAVITZ, DEPUTY ASSISTANT SECRETARY FOR CONSERVATION; AND DR. MEL CHIOGIOJI, DIRECTOR, OFFICE OF STATE AND LOCAL PROGRAMS

Dr. SAN MARTIN. Mr. Chairman, members of the subcommittee, thank you for the opportunity to appear before you today to discuss both the manner in which the Department of Energy is carrying out its reduction in force and the likely impact on the overall effectiveness of its conservation and renewable energy research and development programs as a result of these actions.

I am Robert L. San Martin, and I am the Deputy Assistant Secretary for Renewable Energy. I am accompanied this morning by Dr. Maxine Savitz, to my immediate right, who is the Deputy Assistant Secretary for Conservation, and also by Dr. Mel Chiogioji, who is Director of the Office of State and Local Programs.

As a Nation, we are now embarked on a path that over time will lead to less inflation, more growth, and a brighter future for all of our citizens. With respect to the Department of Energy and its conservation and renewable energy programs, this new path leads to a future that emphasizes research on promising technologies and approaches through proof of concept while leaving near-term technical development, demonstrations, and market development activities to the private sector. Such a future permits the Federal Government to focus its support on long-term, high-risk research which private industry cannot reasonably be expected to undertake.

Accordingly, industry will be expected to support demonstrations of promising near-term technologies and to be responsible for their ultimate market and commercial deployment. Thus, it will be the free marketplace, and not the Government, which will be expected to supply the considerable capital investment required to support the commercial introduction of new and alternate energy technologies into the economy. Moreover, this overall change in direction is now accompanied by a program of complimentary tax reductions intended to stimulate the marketplace.

For the most part, the Congress has endorsed the general thrust of this strategy through their budgetary process with passage of the Supplemental Appropriations Rescission Act of fiscal year 1981, and budget amendments for fiscal years 1981 and 1982, along with the Omnibus Budget Reconciliation Act of 1981. In addition to reflecting a greater emphasis on research and development within most of the Department's conservation and renewable energy technology programs, both pieces of legislation contain sizable reductions in the overall level of funding available for a given conservation or renewable energy technology program. Even the House-passed Energy and Water Development Appropriations Act for 1982, which contains funds for renewable energy programs far in excess of the President's request, reduces overall budget authority for these research and development programs to slightly less than half of the funding levels in effect during the beginning of fiscal year 1981.

Thus, it became imperative for us to consider the most effective organizational structure by which to carry out our changed program emphasis and for the Department to seriously consider and ultimately undertake reductions in the staffing levels in parallel and in consonance with these program budget reductions.

We have heard, just before myself, from the Department's Director of Personnel who has discussed the implementation of the staffing reduction concurrent with our shift to a new organizational structure. I would like to assure the subcommittee that the Department of Energy will comply fully with all Federal laws and regulations currently in force in the accomplishment of this adjustment.

I would like now to examine for you the likely consequences of the planned reduction in force on the Department's ability to carry out its fiscal year 1982 conservation and renewable energy research and development programs.

As I have alluded to earlier in my testimony, ongoing conservation and renewable energy research and development programs are slated for major reductions in fiscal year 1982, regardless of whether the ultimate funding levels reflect the President's request or the House-passed energy and water development appropriations bill for fiscal year 1982. In the case of solar and other renewable energy technology programs, for instance, the range of total funding levels passed by the House or recommended by the Senate Appropriations Committee is between $231.8 million and $367 million in new budget authority for fiscal year 1982, down from the fiscal year 1981 level of $777.9 million which was subsequently revised by the Congress to $592.6 million.

Another way to state these reductions is that the overall funding level for renewable programs in fiscal year 1982 will be no more than one-third to one-half of the levels programed at the start of fiscal year 1981, and indeed available to these programs during the first months of 1981. Similarly, the range for conservation research and development programs is between $130.8 million to $228.3 million for fiscal year 1982, down from the fiscal year 1981 level of $442.7 million which was subsequently revised by the Congress to $280.9 million

Again, another way of looking at these reductions is that fiscal year 1982 funding levels for conservation research and development activities will be no more than one-quarter to one-half of those initially programed and indeed available for the first months of fiscal year 1981.

In light of the fiscal year 1981 rescissions and pending fiscal year 1982 reductions, the Department of Energy carefully analyzed its continuing staff needs to implement the programs authorized by the Congress. Our primary focus in this exercise was to insure that sufficient numbers of qualified staff were available to properly carry out programmatic responsibilities and objectives. I would like to reassure the subcommittee that this was the principle consideration in the manner in which the Office of Conservation and Renewable Energy went about both reorganizing and determining its new staffing level allocations for the various conservation and renewable energy research and development program areas.

In an effort to place the proposed reduction in force into its proper perspective, please note that for solar and other renewable energy technologies the fiscal year 1982 funding levels currently pending before the Congress represent reductions in overall budget authority over levels in effect for the first months of 1981 ranging from 53 percent to 70 percent. The corresponding decrease in overall staffing levels for this program is projected to be 49 percent over the same period. Similarly, for conservation research and development programs budget levels will decrease between 48 percent and 70 percent, depending on the outcome of appropriations action, while staffing levels are projected to be reduced by 37 percent.

These statistics illustrate that program levels are being reduced at a rate far in excess of corresponding personnel reductions. Thus, one can state cautiously that since the average Federal employee will be responsible for fewer program resources, that he or she will be in a position to be more effective after the Office of Conservation and Renewable Energy completes its fiscal year 1981 reduction in force.

Conversely, for a given level of program funding more staff hours will now be available to insure that the taxpayer receives the maximum benefit for each research dollar. Accordingly, Mr. Chairman, it is the Department's contention that the impact of the changes in funding and staffing levels for conservation and renewable energy technology programs will ultimately result in more carefully managed and better implemented programs.

Mr. Chairman, this concludes my formal testimony today. My colleagues and I are available to answer any questions that either you or the other members of the subcommittee may have.

Thank you.

[The prepared statement of Dr. San Martin follows:]

STATEMENT OF DR. ROBERT L. SAN MARTIN, DEPUTY ASSISTANT SECRETARY FOR RENEWABLE ENERGY, U.S. DEPARTMENT OF ENERGY

Mr. Chairman and Members of the Subcommittee:

INTRODUCTION

Thank you for the opportunity to appear before you today to discuss both the manner in which the Department of Energy is carrying out its reductions in force and the likely impact on the overall effectiveness of its Conservation and Renewable Energy R&D programs as a result of these actions.

My name is Robert L. San Martin, and I am the Deputy Assistant Secretary for Renewable Energy. I am accompanied this morning by Dr. Maxine Savitz, Deputy Assistant Secretary for Conservation.

BACKGROUND FOR RIF

As a Nation, we are now embarked on a path that over time will lead to less inflation, more growth, and a brighter future for all of our citizens.

With respect to the Department of Energy and its Conservation and Renewable Energy programs, this new path leads to a future that emphasizes research on promising technologies and approaches through proof of concept while leaving near-commercial technical development, demonstrations, and market development activities to the private sector. Such a future permits the Federal government to focus its support on longer-term, high-risk research which private industry cannot reasonably be expected to undertake. Accordingly, industry will be expected to support demonstrations of promising near-term technologies and to be responsible for their ultimate market and commercial deployment. Thus, it will be the free marketplace -- and not government -- which will be expected to supply the considerable capital investments required to support the commercial introduction of new and alternate energy technologies into the economy. Moreover, this overall

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change in direction is now accompanied by a program of complimentary tax reductions intended to stimulate the marketplace.

For the most part, the Congress has endorsed the general thrust of this strategy through the budgetary process with passage of the Supplemental Appropriations Rescission Act of FY 1981 and Budget Amendments for FY 1981 and FY 1982 and the Omnibus Budget Reconciliation Act of 1981. In addition to reflecting a greater emphasis on research and development within most of the Department's Conservation and Renewable Energy technology programs, both pieces of legislation contain sizeable reductions in the overall level of funding available for a given conservation or renewable energy technology program. Even the House passed Energy and Water Development Appropriations Act for FY 1982, which contains funds for renewable energy programs far in excess of the President's request, reduces overall budget authority for these R&D programs to slightly less than half of funding levels in effect for the first six months of FY 1981.

Thus, it became imperative for us to consider the most effective organizational structure by which to carry out our changed program emphasis and for the Department to seriously consider and ultimately undertake reductions in staffing levels in parallel and in consonance with these program budget reductions.

I am also accompanied today by the Department's Director of Personnel who will discuss the implementation of the staffing reduction concurrent with our shift to a new organizational structure.

I would like to assure the Subcommittee that the Department of Energy will comply fully with all Federal laws and regulations currently in force in the accomplishment of this adjustment.

PROGRAMMATIC IMPACT

I would now like to examine for you the likely consequences of the planned reduction in force on the Department's ability to carry out its FY 1982 conservation and renewable energy R&D programs.

As I have alluded to earlier in my testimony, ongoing conservation and renewable energy R&D programs are slated for major reductions in FY 1982, regardless of whether the ultimate funding levels reflect the President's request or the House passed Energy and Water Development Appropriations Bill for FY 1982. In the case of solar and other renewable energy technology programs, for instance, the range for total funding levels passed by the House or recommended by the Senate Appropriations Committee is between $231.8 million and $367.0 million in new budget authority for FY 1982, down from the FY 1981 level of $777.9 million which was subsequently revised to $592.6 million halfway through the fiscal year. Another way to state these reductions is that the overall funding level for renewable programs in FY 1982 will be no more than one-third to one-half of the levels programmed at the start of FY 1981 and indeed available to these programs during the first six months of FY 1981. Similarly, the range for conservation R&D programs is between $130.8 million to $228.3 million for FY 1982, down from the FY 1981 level of $442.7 million which was subsequently revised to $280.9 million midway through the fiscal year. Again, another way of looking at these reductions is that FY 1982 funding levels for conservation R&D activities will be no more than one-quarter to one-half of those initially programmed and indeed available for the first six months of FY 1981.

In light of the FY 1981 rescissions and pending FY 1982 reductions, the Department of Energy carefully analyzed its continuing staff needs to implement programs authorized by the Congress. Our primary focus in this exercise was to insure that sufficient numbers of qualified staff are available to properly carry out programmatic responsibilities and objectives. I would like to reassure the Subcommittee that this was the principal consideration in the manner in which the Office of Conservation and Renewable Energy went about both reorganizing and determining its new staffing level allocations for the various conservation and renewable energy R&D program areas.

In an effort to place the proposed reduction in force into its proper perspective, please note that for solar and other renewable energy technologies the FY 1982 funding levels currently pending before the Congress represent reductions in overall budget authority over levels in effect for the first six months of FY 1981 ranging from 53 percent to 70 percent. The corresponding decrease in overall staffing levels for these programs is projected to be 49 percent over the same period. Similarly, for conservation R&D programs, budget levels will decrease between 48 percent and 70 percent depending on the outcome of Appropriations action while staffing levels are projected to be reduced by 37 percent.

These statistics illustrate that program levels are being reduced at a rate far in excess of corresponding personel reductions. Thus, one can state cautiously that since the average Federal employee will be responsible for fewer program resources, that he or she will be in a position to be more, and not less, effective at the margin after the Office of Conservation and Renewable Energy completes its reduction in force. Conversely, for a given

level of program funding, more manhours will now be available to insure that the taxpayer receives the maximum benefit for each research dollar. Accordingly, it is the Department's contention that the impact of the changes in funding and staffing levels for conservation and renewable energy technology programs will ultimately result in more carefully managed and better implemented programs.

Mr. Chairman, this concludes my formal testimony today. My colleagues and I are available to answer any questions that either you or the other members of the Subcommittee may have.

Thank you

Mr. FUQUA. Thank you very much, Dr. San Martin.

On the point that you just made, where you related the reductions in force to budgetary reductions, it is my understanding that Assistant Secretary Tribble appealed for 220 additional positions in fiscal year 1982 to Deputy Secretary Davis. The rationale was that the current allowance is inadequate to manage or support programs which were assumed to be zeroed out in fiscal year 1982 and which now appear to be continued into fiscal year 1983. Could you comment on that?

Dr. SAN MARTIN. Yes, Mr. Chairman.

In July, Assistant Secretary Tribble did make an appeal to one of the Department's secretarial officers requesting that consideration be given to additional positions for the Office of Conservation and Renewable Energy. It is our knowledge that that——

Mr. FUQUA. Was it for 220 additional positions?

Dr. SAN MARTIN. Mr. Chairman, when I looked at the letter that actually went forward, my addition says that the appeal was for 324 positions, of which 120 of those, I believe, were for field positions.

Mr. FUQUA. That was denied by the Department?

Dr. SAN MARTIN. Mr. Chairman, it is my understanding that the expertise of the Department's Personnel Department and administration was used to analyze that particular request, and that a negotiation has been initiated with OMB to attempt to get relief.

Mr. FUQUA. Maybe, Mr. Schulman, you can answer: It is my understanding that DOE appealed to OMB for an additional 126 personnel in fiscal year 1982, above what the OMB ceiling was, and it was turned down.

Mr. SCHULMAN. My understanding is that such a request has been made. I am not sure that there has been a final decision on that. It is still an open issue, I believe.

Mr. FUQUA. Well, is it still the position of the Office of Personnel that the 126 additional people are needed?

Mr. SCHULMAN. It was the position of the Assistant Secretary, Management and Administration and the Department that that was a supportable request. It was on that basis that they went forward with it.

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Mr. FUQUA. I mean, the Department did support that——

Mr. SCHULMAN. The Department did support that, yes, sir——

Mr. FUQUA [continuing]. That appeal to——

Mr. SCHULMAN. To OMB.

Mr. FUQUA. To OMB. However, so far as you know they have not made a decision.

Mr. SCHULMAN. As far as I know, there has not yet been a decision.

Mr. FUQUA. It appears to me that, as you stated, following the law, that people would have a chance to cross-walk from one part of the agency to another——

Mr. SCHULMAN. Yes, sir.

Mr. FUQUA [continuing]. And, say, a person in the Community Systems Program could come over and bump somebody in OTEC. Would that be possible, for someone with more seniority to do under the law?

Mr. SCHULMAN. Under the law it would have been possible. That is not what occurred in this particular situation. In this particular situation, in effect, the old Office of Conservation and Solar Energy was abolished and a totally new organizational structure established.

In setting up that new organizational structure in the new organization as being continuing activities and continuing functions. In that regard, in establishing the new organizational structure, those people whose positions were directly translatable from the old organization to the new one were tentatively placed in the new organization in those identifiable positions. However, the balance of the organization that was staffed from scratch, that is, starting with the most senior employees. The most senior GS-15 veteran, as I——

Mr. FUQUA. How many are we talking about?

Mr. SCHULMAN. We are talking about approximately 146 who were cross-walked out of better than 600 employees in the organization as a whole, approxiately a fourth of the employees' positions were direct carryovers.

Mr. FUQUA. Therefore, you could have then——

Mr. SCHULMAN. Let me proceed with how the staffing occurred. Following that identification of the cross-walked employees, we then began staffing the total organization, starting with the most senior GS-15 individual in Conservation and Renewable Energy altogether, looked at that individual's old position, and for a position in the new organization. If there was a position at their current grade level in their current occupational series in the new organization, particularly in the place of the organization that correlated with where they had worked, they were placed in that position.

The second most senior employee, after we made any cross-walking [illegible] the most senior of those employees [illegible] matching [illegible] of those in the organization [illegible] in the organization [illegible]. The remaining employees were those for whom there were no positions, are those who have received separation notices.

The initial effort was made—the most senior people have ended up in positions most like and in the employment, occupational

areas, or activity and program areas most similar to what they were doing before. As we began to run out of spaces, it then became necessary for somebody who may have been in one program area to be placed in another program area because there was available a position for which they were qualified and that was available in another program area. They had simply run out of positions in that program. Therefore, there is a possibility for crossover of program areas.

Mr. FUQUA. Dr. Savitz, it appears to me that it could be a major reorganization not only where people are moved but also new people coming in, bumping other people. Does that cause you a concern in the programs that you have responsibility for?

Dr. SAVITZ. We are going to have to see just who is assigned to where.

Mr. FUQUA. Do you know that at this time?

Dr. SAVITZ. No, we do not. However, as Mr. Schulman said, the intent is, if you need a mechanical engineer to do a job a mechanical engineer will be placed in that, so that they should have the same qualifications as the previous person.

Mr. FUQUA. When do you expect to know who the people will be assigned?

Dr. SAVITZ. That is right.

Mr. FUQUA. At the same time the notices go out, which as I understand it is tomorrow?

Dr. SAVITZ. Notices have started; they are going out as they are prepared; yes.

Mr. FUQUA. However, you will know——

Mr. SCHULMAN. They will know by the end of the day today what the final staffing looks like.

Mr. FUQUA. Will there be any procedure if you feel like you have people that are bumping people that are more qualified, that you will have an appeal process to the personnel office to try to take care of inequities of that type.

Dr. SAVITZ. Well, an employee has an appeal process to go through, and in addition——

Mr. FUQUA. However, he may be wanting to hang onto his job.

Dr. SAVITZ. That is right, and in addition all the deputies will work together to see if we might be able to make some details or swaps. If you have a GS-14 in one program and a GS-14 in another, and the people are in agreement, we may be able to make some changing that way.

Mr. SCHULMAN. If we have clearly missed the boat, both Dr. Savitz as well as the employee can go back and tell us that. Basically, the individuals were slotted in the organization by the same personnel staff that has been doing the recruiting and placement for the organization as well as the matching of the positions to the skills available with the assignments as well as interacting with the individuals themselves. And, to the best of our ability, we tried to make a pragmatic program which was to put the people where they were. It was when we ran out of positions in a program and still had a more senior individual to place that it became necessary to have to put that individual someplace else.

In considering where else to put that individual, we looked at how close the available position was to the kinds of experience that the individual had had, and could the individual, in fact, perform with a minimum amount of startup time in the new position. If there were extensive amounts of startup time, we simply concluded that the employee was not qualified for that particular position and sought some other position in which they could reasonably be expected to function quickly.

To the extent that we may have missed the boat in an instance or two, we will be glad to hear from Dr. San Martin and Dr. Savitz and see what adjustments are necessary.

Mr. FUQUA. Dr. San Martin and Dr. Savitz, do you feel as though, with the new reductions and the new personnel that you will have, that you will be able to carry out the programs that have been appropriated in the fiscal year 1982 House version?

Dr. SAN MARTIN. Mr. Chairman, I think it is our intent to carry out these programs to the best of our ability. I think that we are posturing ourselves to be able to do a good job in that end.

Mr. FUQUA. Mr. Weber?

Mr. WEBER. Thank you, Mr. Chairman.

I have had conversations with DOE employees at all levels of the Department who have expressed to me some concern about the direction that those employees are given in their activities. I wonder if you can describe for me the reorganization that you alluded to and how exactly policy is formed at DOE and transmitted to lower-level employees to make sure that they know where they are going.

Dr. SAN MARTIN. Certainly, Mr. Weber.

Based on the actions that Congress had taken in the fiscal year 1981 supplemental, we realized that there was going to be a significant reduction in overall budget authority that the Department would be asked to implement. At the same time this was going on, the Department of Energy undertook a rather significant reorganization to carry out the policies and philosophies of the new administration.

In that regard, the Office of Conservation and Solar Energy became the Office of Conservation and Renewable Energy. Programs that were under different organizations were transferred to this office. These programs included geothermal energy, small-scale hydropower, storage programs, electric energy systems, the responsibility for the power marketing administrations, and the responsibility for the Office of Alcohol Fuels.

Concurrently with this reorganization the Department, with the commencement of Congress, undertook a substantial change in direction. Whereas previously we had been pursuing programs that relied on research, development, demonstration and commercialization of technologies, we decided to modify that to rely more on the private sector. Therefore, there was a substantial change in what the content of specific jobs would be, and in addition, a need to have a different type of organizational structure to most efficiently carry out these jobs. Consequently, the management team proposed a significant reorganization of the Assistant Secretary's office in order to carry on these additional responsibilities and

these new program directions. In doing this we examined and analyzed what the appropriate staffing levels should be to undertake these new functions. The result was a new organization with new staffing levels and, in essence, new job descriptions for approximately two-thirds of the positions that would exist in that the new organization.

After this process was completed, it was clear that there was a mismatch between the total number of employees on board and the number of positions that would be available in the new organization. Therefore, we initiated a reduction-in-force process.

With regard to communications with the employees, as we went through the organizational decisions and lengthy discussions that took place over a period of several months, there was communication with employees at all levels within the organization. When it became apparent that the Congress was taking action on the rescission package that was passed in June, the formal followup action was that the Assistant Secretary, called a meeting of all employees of Conservation and Renewable Energy and informed them generally of the changes that were going to take place.

[illegible] then inform all of the employees who [illegible] would be conducting a reduction in [illegible] year. After that was done, the Conservation and Renewable Energy Office formally implemented its reorganization. Then the process that was then put into action.

Mr. WEBER. I realize that you cannot look into a crystal ball, I guess, but how final is the organization that you described? Have we achieved an end product or are we in a transition?

DR. SAN MARTIN. We have fully implemented the reorganization and are now in the process of completing the reduction in force to be in compliance with end-of-year staffing levels. We expect this process to be completed by September 25.

MR. WEBER. There will be no change in that next year, in your judgment.

DR. SAN MARTIN. Mr. Weber, sir, I believe that question will be answered when we have a final appropriation from the Congress.

MR. WEBER. I see. Thank you.

I have no more questions, Mr. Chairman.

MR. FUQUA. We will stand in brief recess until we go and vote. Mr. Harkin should be back in just a minute and resume the hearings. The subcommittee will stand in recess.

[Recess taken.]

MR. HARKIN [acting chairman]. The subcommittee will resume its sitting.

[illegible] to ask, do you think that the [illegible] out their activities in fiscal year [illegible] by the House with the reduced [illegible] month?

[illegible] Chairman, as we have already stated, we [illegible] appeal for additional staff support. [illegible] it would be our desire to have [illegible].

MR. HARKIN. Then what you are saying is, you cannot carry out the programs at the levels appropriated by the House with the

reduced personnel that you are going to have on board after September 25.

Dr. SAN MARTIN. No, Mr. Chairman.

If on the other hand the situation is that we will be carrying out the highest budget level that the House has considered for these programs, and that we are operating at the staff levels that we will have at the end this particular year, we will still be in a situation where we will have greater staff resources for conducting the programs than we had at at the beginning of fiscal year 1981.

If one compares the budget authority that we were being asked to implement, for instance, in 1981 with the size staff that was available then, and then you look at the next year and the reduction of budget authority, and at the same time a lesser percentage-wise reduction in staffing, one finds that that on an overall average we will have slightly greater staff resources to carry out the job.

Mr. HARKIN. I guess, then, what I do not understand—and I was not here for the question earlier—but I guess you testified, somebody did, that OMB was asked for 126 positions by DOE for the year, and I guess that there was a request from Assistant Secretary Tribble for 220. Both were turned down. Why would you request 126 positions if in fact what you are telling me is that you can carry out the programs fine with the reduction in force, with the people you will have on board after this?

Dr. SAN MARTIN. The justifications, Mr. Chairman, that were used for that particular appeal were that in our opinion it would be more prudent to conduct a higher level of program with the addition of these personnel numbers. I must point out that to the best of our knowledge that has not been denied. It is being considered. A decision has not yet been reached at this time.

Mr. HARKIN. You mean on the 126 positions?

Dr. SAN MARTIN. That is correct.

Mr. HARKIN. Dr. Savitz, let me ask you the same question directed to the State and local programs and the industrial programs, the same set of questions: Will you be able to carry out the activities at the levels appropriated by the House with the reduced personnel on board after September 25?

Dr. SAVITZ. With the people on board after September 25 I will be able to carry out the House level.

Mr. HARKIN. You will be able to after September 25, that is, with the RIF's for this year. How about the RIF's that are coming down in fiscal year 1982?

Dr. SAVITZ. That is the one that we have made some appeal to for additional staff. Again, that is an open issue until there is an appropriation signed into law, and we are having these discussions with OMB on it.

Mr. HARKIN. You have an appeal on that one?

Dr. SAVITZ. That is right.

Mr. HARKIN. How many additional people will you need, if any?

Dr. SAVITZ. In the——

Mr. HARKIN. State and local and industrial.

Dr. SAVITZ. It also depends on what the proration is, but in the Assistant Secretary's memo of July 29 we stated 20 people for the industrial program and 66 for State and local.

Mr. HARKIN. Dr. San Martin, I have a series of questions on the RIF's themselves: It has been long known, for example, that this administration wants to cut the Department of Energy drastically. I understand they want to abolish it, and it is still in the planning stages, abolishing the Department of Energy. Since we have known that for a long time, I wondered when did serious RIF planning begin? How long ago did it begin?

Dr. SAN MARTIN. Mr. Chairman, considerations of both the organizational needs to carry out our programs and also the appropriate staffing levels to be able to effectively and efficiently—especially cost-effectively—carry out the programs, actually began in the February-March-April timeframe.

As you recall, the administration proposed a number of rescissions to the Congress. They were enacted into law, and after that we made general announcements to the employees of what the typical impacts were going to be. We formally reorganized the entire Conservation and Renewable Energy entire organization to properly take into account the number of additional functions that we had assumed and, in addition, to properly reflect the change in policies that we have undertaken in the Department of Energy.

Mr. HARKIN. Mr. Schulman, do you have any comments on my question?

Mr. SCHULMAN. No. I think that Dr. San Martin's response is correct. The planning for a potential reduction in force has been in place since the President's announcement of his fiscal year 1981 budget revisions. The necessity for implementation revolved around some rescission legislation which the Congress enacted only the first week in August, prior to recess. Therefore, while we have done a considerable amount of planning, it was awkward and difficult to finalize until we knew where exactly we were going to be.

Mr. HARKIN. Dr. San Martin, the personnel ceiling for the current reduction in force was set by OMB in the spring of 1981, before congressional action on the fiscal year 1981 rescission request, which occurred in August, and the fiscal year 1982 budget. Was that ceiling modified by OMB after the Supplemental Appropriations and Rescission Act of 1981 and the omnibus reconciliation bill for 1982 passed in August?

Dr. SAN MARTIN. Mr. Chairman, you are correct that we did have available to us within the Department early in April a target that we would work toward, assuming that a particular rescission would take place. We were very careful not to implement that until we actually knew what the will of Congress was. We waited until that particular point and are now in the final steps of implementing that reduction in force.

Mr. HARKIN. However, did the target change after the congressional action? Did the targets change?

Dr. SAN MARTIN. The target and the final numbers that we are working toward have changed. If you would like to know the specifics, the original targets that we had been looking at were a totality of—for headquarters staff—of something in excess of 500. The end-of-year target number that we are now working toward, after implementation of the rescission, is 548.

Mr. HARKIN. What steps were taken, and when, to lessen the impact of the RIF's upon the employees?

Mr. SCHULMAN. The Department was—as was the executive branch in general—under a freeze immediately after the current Administration took office. Knowing what the new budget numbers were going to be for 1981 as proposed by the President, we asked each organization to develop a staffing plan based on what it anticipated its attrition might be, what its current onboard strength was, and what it viewed as its target positions.

At the same time, we instituted a total freeze in the Department beyond the freeze that the President had implemented. We also instituted a moratorium on promotions within the Department in order to keep as much flexibility as possible when it became more evident what was going to happen and who might be in jeopardy as a result of reductions in force.

We began at that point also to make contact with other Federal departments and agencies and non-Federal employers about the possibilities of outplacement of some of our own people. As a matter of fact, what it amounted to was, we converted what was normally our recruitment and intake operation into an outplacement operation. They have been involved in collecting vacancy announcements, advising employees of job opportunities that were available outside of the Department, in an attempt to mitigate any resultant reduction in force. That has been going on since March and April of this year.

As I think is normally the case, people tend to be perennial optimists, and I am not sure that all of the utilization that might have been made of those services was made. It is a little difficult to convince somebody that they ought to be thinking about a career change or moving to another job or considering another employer until they actually get a piece of paper in the hand that says, "You are vulnerable," or "You are in jeopardy." However, the mechanics for that have been in place for 6 months.

Dr. SAN MARTIN. Mr. Chairman, I would like to add that what has been a driving force for all of us realizing that there has been a considerable reduction in budget authority and therefore an implementation of a reduction in force, is that in this process employees have had all of their rights and privileges adhered to. We have and are continuing to very carefully follow all of the statutes that Congress has passed in conducting this process and all of the regulations that the OPM has developed to further interpret these.

Therefore, being driven by a doctrine of both fairness and giving maximum opportunity to the employee, we have strived to insure that the process is conducted in the fairest manner.

Mr. HARKIN. When did the Department submit its request to the Office of Personnel Management for approval of an early-out retirement program?

Mr. SCHULMAN. On the 13th of August.

Mr. HARKIN. Has approval been granted?

Mr. SCHULMAN. Approval has been granted.

Mr. HARKIN. The employees know about this?

Mr. SCHULMAN. Yes, sir.

Mr. HARKIN. Was a letter written to all of the employees?

Mr. SCHULMAN. We notified the affected organizations of the approvals and assume that they have notified their own people internally.

Dr. SAN MARTIN. Mr. Chairman, all employees who are eligible to make that choice have been notified in writing.

Mr. HARKIN. Do you have any figures on what that might cost, for early retirement? Does that come out of DOE's budget?

Mr. SCHULMAN. No, it does not come out of DOE's budget. The amount comes out of the retirement fund.

Mr. HARKIN. Early retirement?

Mr. SCHULMAN. Yes; there is a statistic that OPM uses that indicates that the average additional cost to the retirement fund that derives from an early retirement equates to 130 percent of the individual's annual salary. An employee who makes $30,000 a year and goes out on early retirement costs the retirement fund $39,000, in the aggregate, more than the retirement fund would have paid out to that individual had the individual retired at the normal optional retirement point.

Mr. HARKIN. Thank you.

The subcomittee will stand in recess until Chairman Fuqua returns, and he will pick it up then.

[Recess taken.]

Mr. FUQUA. The subcommittee will resume.

Mr. Dunn, do you have any questions?

Mr. DUNN. With the Chair's indulgence, I might require more than 5 minutes, Mr. Chairman. I wonder if I could be——

Mr. FUQUA. We are not operating under a time limit this morning.

Mr. DUNN. This is an issue that, of all of the issues that I have faced in my 6, 7 months in Congress here, most personally hits me. I do not think there is any Member in this body that is more familiar with the problem of laying people off, coming as I do from Michigan, being in the housing industry. We have 50-percent unemployment and my own company is a good example. I have gone from 200 people working for me in the field to less than 40. It is one of the toughest things you do as president of a company, to lay people off, so I approach this with all seriousness. I do have some questions in regard to that.

In determining the criteria as to how you are laying the people off, I did not notice any mention of performance standards, if you will, such as work habits, such as future potential, such as performance. Are these being taken into consideration at all in the layoffs?

Mr. SCHULMAN. They are. I had mentioned earlier that this is one of the most regulated areas of personnel administration in Government, and there is a specific process for considering performance.

The Department is currently on a schedule wherein all of our merit pay employees received performance appraisals as of July 1. The rating period for the nonmerit pay employees ends on September 31. The merit pay employees' performance was appraised and that performance has been a factor in determining their retention standing.

The regulations are specific in that the impact is to add what amounts to length of service, in that an employee who has a highly successful performance rating receives the equivalent of 2 additional years of service added to their normal length of Federal service. An employee with an outstanding performance rating has 4 years

added and that changes, in effect, their place on the seniority roster, if you will.

Mr. DUNN. It changes because of this above-normal performance?

Mr. SCHULMAN. Yes.

Mr. DUNN. OK. Do you feel that is being implemented?

Mr. SCHULMAN. Absolutely.

Mr. DUNN. My second question revolves around the viability of DOE. Once again, I noticed in the paper that the Reagan administration has surfaced the potential elimination next year of the Department of Energy. While I have been outspoken on some of the activities of DOE, I am not convinced that that is the route to go. Nevertheless, unless DOE significantly improves its performance standards, I suspect the Reagan administration is going to find itself in the position that they do not have any other choice.

Therefore, I am becoming concerned with the number of people that are left. I am wondering if—and this may sound contrary to what I said before—but I am wondering if we really have, in trying to make DOE more efficient, let the right number of people off? We talk about reductions in total DOE authorization of 15 percent, and yet you have alluded to staff reductions considerably less than that. Are we going to end up with more bureaucrats doing less work out there in the field and, therefore, decrease once again the efficiency of DOE? Would you address that for me?

Dr. SAN MARTIN. Certainly, Mr. Dunn. You are correct that the figures are such that the new budget authority reductions that we are implementing represent a greater shift downward than the total numbers of personnel reductions that are actually being implemented. I believe that there is very good reason for that, Mr. Dunn, and that is that when one undertakes the type of research and development programs that we have in Conservation and Renewable Energy, you typically initiate efforts that are not completed the day you initiate them and they go on for another year or two under an existing contract.

Therefore, the individuals that are on board are responsible for managing those particular programs while they are in force, so even though we have a situation where our budget reductions are very significant, we have a large number of goods and services that are on order from the previous year that still require prudent management attention. That is the reason why it is not a direct linear relationship between budget reduction and staffing needs. We must maintain on board enough individuals to actually be able to properly and effectively manage these programs.

Mr. DUNN. I am hearing what you are saying, and yet I am looking again at the end scenario, the ultimate user, the ultimate customer. As distasteful as you and I agree letting off 15 percent of the people is in your case, 60 percent in mine, if the end result of that is not to become more efficient then you are going to be faced with an even bigger task of letting go 100 percent of the people. You should be aware that this administration is still going to concentrate on that, and I am not sure that—I am hearing what you are saying but I am not sure that I 100 percent believe it. Do you understand what I am saying to you?

Dr. SAN MARTIN. Mr. Dunn, we are totally committed to——

Mr. DUNN. You do realize that possibility exists?

Dr. SAN MARTIN. That is correct, and I can only be very pleased at the dedicated professional staff that is on board in the organization, and during these trying times—any time that qou 'ave a reduction and qou are actually releasing people becomes a very, very difficult time—and I can only state that I am very pleased at how the professionals are working and continuing to carry out their jobs.

I would also like to state that we in the administration are very dedicated in our response to the taxpayers that we undertake these jobs in the most cost-effective manner possible. That means that we retain what can be justified as the barebones work force to be able to carry out the authority that Congress has given the agency. We will continue to analyze this, year to year, depending on how our authority either increases or decreases in the overall process.

Mr. DUNN. You understand that if, in my opinion, in the next year I have not become convinced of that, then I will continue to be critical of the operations of DOE.

I thank you.

Mr. FUQUA. Thank you, Mr. Dunn.

It is my understanding that in the fiscal year 1982 personnel ceilings for conservation and renewable energy as set by OMB, that they would require an additional reduction of some 100 below the end of the 1981 levels, to approximately 530-odd people. Is that true?

Dr. SAN MARTIN. That is correct, Mr. Chairman.

Mr. FUQUA. Probably about 42 would be in solar, and about 33 in State and local programs and conservation, and about 14 elsewhere; that would be the distribution of the 100. Is that relatively accurate?

Dr. SAN MARTIN. Your very precise numbers are in the general ballpark, Mr. Chairman. I think that honestly a final determination of how that would be done is first going to depend on what the actual appropriation is from the Congress. The numbers you are speaking of are numbers that had been considered several months ago as targets that one may have to work toward. That is the reason that I answer that they are generally correct. They do change as we get more up-to-date information, and we try as best we can within the laws of this country not to preempt the directions of the Congress in this process.

Mr. FUQUA. About when is that scheduled to take place? Do you know?

Dr. SAN MARTIN. There is not a schedule at this time to implement that. We will not address that until after we have an appropriation from the Congress.

Mr. FUQUA. Mr. Schulman, it is our understanding that the retention register which determines the bumping rights was not prepared for CE at the same time as for fossil and nuclear. Is that true?

Mr. SCHULMAN. A retention register is prepared consistent with whatever the time schedule is for the particular organization preparing to undergo a reduction in force. Fossil was prepared to move earlier than was CE, and their retention register was prepared at that time.

I should tell you that the preparation time of the retention register is not in itself critical other than, obviously, it must be available at the time the reductions begin. Because the retention register remains fluid until such time as specific notices of reduction in force are given to employees, I am sure there was a time difference simply because staff is not capable of servicing all of the organizations simultaneously. Fossil, among others, was prepared to move earlier.

Mr. FUQUA. It is my understanding that discussions are underway for fiscal year 1983 for the possible phasing out of Fossil, Solar, and Conservation and Renewable. Is that a fact yet or is that still in the discussion stage?

Mr. SCHULMAN. I do not know. Bob, do you?

Dr. SAN MARTIN. Mr. Chairman, the administration is considering many options for future out-years. At this time we are doing and have done a number of budgetary exercises and will continue to do so until we cement a position for the administration and actually present it to the Congress in January.

Mr. FUQUA. Does one of the exercises include the phaseout of those programs that I mentioned?

Dr. SAN MARTIN. Mr. Chairman, every year when we look at our programs, as a disaster case we consider, if something were terminated, What would be the cost to the taxpayer that is involved?

Mr. FUQUA. What would be the cost of, say, phasing it out?

Dr. SAN MARTIN. Of phasing out any major activity, yes, sir. We traditionally do this in all of the major program areas, and this year is no exception.

Mr. FUQUA. In fiscal year 1981, under the new budget request submitted in March, did you get a request to provide figures for phaseout of programs?

Dr. SAN MARTIN. Mr. Chairman, as prudent managers, in all of these areas we look, as I have stated, at the potential of a phaseout and what the cost would be to the taxpayer. If your question is, did OMB specifically ask us to consider a phaseout cost, or did I ask some of my employees to do so, or did the Secretary of Energy request it, I operate in a particular way with the employees and I am sure my other associates do also. I am personally not aware of OMB having requested this even though, as I have stated, we do consider these types of exercises at this time of the year.

Mr. Chairman, as we have all read in the media that appeared, I guess, yesterday or the day before yesterday, it has been printed that there is a possibility that the Department of Energy will be asked to consider, I think, a couple of billion dollar reduction different than what they had been planning for fiscal 1983.

Mr. FUQUA. Mr. Nelson?

Mr. NELSON. Mr. Chairman, just a quick statement and a quick question: The statement would be that over the past several months that we have been going through the traumas of the budget, I have thought it counterproductive to the Nation's interest where we would see in energy research and development, considerable cutbacks.

It seems to me that it should be clear that our future lies in our ability to wean ourselves from dependence on foreign oil, and I just want to state that over the course of having had the pleasure of

serving on your committee, Mr. Chairman, that I have not been convinced of the administration's argument over these past 6 to 8 months about the needs for cutbacks in this particular area of energy R. & D.

I say that at the same time having embraced a good bit of budgetary cutbacks, indeed having worked on a number of those cutbacks over the last 3 years as a member of the Budget Committee, and along with the direction of our chairman trying to comply, not only here but in other jurisdictions of his full committee.

Now my question is, Would you like to comment on a super-duper reduction in force implied by abolishing the Energy Department?

Dr. SAN MARTIN. Mr. Nelson, as a member of the administration, to the best of my knowledge we have not at this time been asked to consider that particular option.

As a private citizen, I think I can very honestly comment that energy is an essential commodity to this country, and one that whether there is a Department of Energy or is not, is a particular function that this Government should keep up with. It is critical to the well-being of our people, to our total economic structure, and I am sure that however a decision takes place in the future, that there will be within this Federal Government some entity with responsibility for continuing some of these critical energy functions.

Mr. NELSON. There will have to be some kind of entity, just as there will have to be some kind of entity that will handle education programs as well.

By the way, I would like to say that I have been impressed with your boss. He is a personally fine individual, and I have enjoyed getting to know him. I have been favorably inclined toward him in the way that he has taken over and really dug into running the Energy Department. I hope that he has some persuasiveness in the councils of the White House to point out just what we are talking about.

Thank you, Mr. Chairman.

Mr. FUQUA. Thank you, Mr. Nelson.

Let me thank all of you for being here this morning. I think you can tell by the questions that we do have serious concerns that in the personnel reductions, as well as in the reorganization that may take place within the Department accommodate those reductions, there be a minimal impact on those programs that the Congress has over the years repeatedly put high priority on.

I know you have a difficult task ahead of you, and I hope that those programs, particularly those important programs, in your responsibility, can move forward as Congress in a bipartisan fashion has enunciated over the years.

Mr. Walker, we were about to close but we would be happy to recognize you if you have any questions.

Mr. WALKER. No, thank you, Mr. Chairman, if you would just make note of the fact that I did make it just before you closed.

Mr. FUQUA. The record will so reflect.

The subcommittee will stand adjourned.

[Whereupon, at 11:33 a.m., the subcommittee recessed, to reconvene at the call of the Chair.]

APPENDIX

Statement of Thomas Canning, President, National Treasury Employees Union, Chapter 213

A little over a year ago the Fuel Marketing Subcommittee of the Energy Regulatory Administration of DOE reported that over 14 million U.S. households were at or below the poverty threshold. At the same time, energy conservation programs that can help such households, improve energy efficiency and reduce fuel consumption, are being eliminated. The people who need this help most will be denied even a modest amount of weatherization or home improvement. In fact, the program is targeted for transfer from the Department of Energy to the Department of Housing and Urban Development, where it will compete with other HUD activities in block grants, and where HUD spokesmen acknowledge the volume of activity will be substantially lower.

Since 1979, rising energy costs have had a greater impact on poor and near-poor households (nearly 40 million persons) than on the more fortunate elements of our population. The average family, at or near the poverty level, will expend at least 35 percent of their income directly on energy and will spend at least 21 percent of their income on household energy, which is nearly 4 times the percentage spent by the average American household.

These circumstances form the backdrop for the actions of the Administration in implementing a Reduction-in-Force (RIF) at the Department of Energy. In March, 1981, the present Administration proposed very substantial reductions in the funds requested to be appropriated for FY 1982 for Conservation and Renewable Energy. In response to an inquiry by the Subcommittee on Energy Conservation and Power, House Committee on Energy and Commerce, the Department stated that the September 1981 ceiling for civil service employment in Conservation and Renewable Energy would be 627. That number was reached by attrition this month. During the period from April to early summer, the committees of the Congress worked on the Administration's proposals and by July had indicated that they intended to increase funding for this program substantially above the Administration's request.

Nonetheless, in July the Department of Energy informed another Committee and announced to its staff that the employment target for September would be 536 -- not 627 -- and the RIF was carried out. Meanwhile, the Congress completed action on the Omnibus Budget Reconciliation Act of 1981 and specifically disallowed several rescissions and terminations proposed by the Administration. The President signed the Budget Reconciliation Act and declared that it represented a victory for his economic program. The Secretary of Energy stated on television that he intended to enforce this law and specifically denied any intent to impound funds.

Yet the RIF is apparently based on the budget proposed earlier in 1981 -- not on the budget that was included in the Budget Reconciliation Act. For example, this law provides $559 million for energy conservation as opposed to the $195 million requested by the Administration. Comparable increases were made in the renewable energy portion of the budget. The Conference Report accompanying this Act states:

> "These authorizations are intended to provide sufficient funds to carry out all statutorily mandated programs. Termination of funds was not recommended for any program recommended for termination by the Administration."

To have proceeded with the RIF at this time and in this fashion seems -- whether or not that is the intent -- to circumvent the will of Congress. The ability of the DOE to execute the law -- that is to adminster programs which Congress has enacted and has specifically refused to terminate -- has been seriously compromised.

This is true for two reasons:

1. Staffing has been reduced in program areas where previous staff levels were already minimal and had to be supplemented by substantial contractor effort and

2. Inexperienced people -- at lower grades -- will replace many who have developed credibility and expertise through several years of association with specific programs.

Staffing Concerns

There are several issues relating to staffing levels and program funds which deserve examination, and which have not been discussed (or, apparently, considered) by DOE.

The first of these issues concerns not the reduced number of positions requested by DOE in its FY 1982 and FY 1983 budget formulations, but the people who will encumber those positions.

For example, as a result of downgrading positions, a middle manager in the field downgraded to an apprentice would be asked to maintain official liaison with senior officials of a Governor's staff. In this example, aside from the

[redacted]

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[illegible]